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C O N F I D E N T I A L HAVANA 023623

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STATE DEPT FOR WHA/CCA

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TAGS: [PGOV](#) [PINT](#) [ECON](#) [KDEM](#) [CU](#)

SUBJECT: CUBA: REGIME ECONOMIC THINKING, PLANNING CONTINUE
TO EVOLVE

REF: HAVANA 23606 AND PREVIOUS

Classified By: COM Michael E. Parmly for Reason 1.4(d).

11. (C) Summary: A well-informed off-island source briefed us on December 20 on what he had learned of the evolving activity within the regime leadership to address the economic situation. Our source reports that the regime for the moment is focusing new ideas in just two provinces -- Pinar del Rio and Villa Clara. Our source reports that the top leadership in those provinces is consulting more with farmers in particular. The Spanish Ambassador reports similar ebullience in re-examining economic policy in general. We find the reports credible, and see them as pointing toward a new and very different management and leadership style of Raul and his clique. End Summary.

12. (C) A well-informed source told us December 20 of further details on the evolving thinking within the regime on economic policy. (For background, see reftel.) Our source said he had learned of concentrated efforts in two provinces -- Pinar del Rio, on the western side of Cuba, and Villa Clara, in the island's center -- to try new methods of economic governance and management. Our source pointed to two specific manifestations of the new style:

--The agricultural sector was the main focus. Party leaders in the province have had a series of meetings with local farmers, at which the leaders asked what kinds of policies the farmers would need to see in order to increase their production. The answer they got back, according to our source, was unequivocal: Fix the price structure. The farmers reportedly complained that at current prices, they had no incentive whatsoever to work harder to get production up.

--More broadly, however, the top leadership in the two provinces had been holding a series of meetings on more general topics than just farming or even economics. Again, our source told us, the style was different: Listening, rather than talking. The comments the officials heard were predictable, our source reported. Transport and housing were the main complaints of the population.

13. (C) Although the account above is single-source, we find it credible. Since at least October, diplomatic sources have

told us of "new thinking" experiments in Villa Clara, wherein the population was being given greater leeway to pursue individual economic initiatives. In addition, reftel reports a single-source comment from a Minrex official about the kinds of thinking being displayed. At an outbrief on Codel Flake with the European Chiefs of Mission, Spanish Ambassador Carlos Alonso Zaldivar, who is consistently among the best informed in the dip corps, told us he understands there is a broad re-think, at least about economic policy, within Cuban ruling circles. Alonso indicated his sources are reporting ongoing intense discussion behind the scenes, although his sense is that the discussion is at present confined to only the highest levels of the Cuban Government. Alonso commented that much remains frozen by the continuing presence, however weakened, of Fidel on the scene, but he opined that the re-thinking is at least an indication that at some level of the regime, there is a recognition that things are not working right, notwithstanding the regime's boasting in public about Cuba's economic and social stability.

14. (C) Comment: When it comes to policy, we are in the "reading the tea leaves" phase of the post-Castro era. To date, the clique around Raul has shown a stubborn determination to eschew any meaningful gestures, be they economic, social or political, towards the Cuban people. The reports described here would indicate that at least someone at the top senses that pursuing an ignore-the-people approach is not the wisest way to retain power. It is worth noting that Villa Clara remains a bastion of dissent, where acts of defiance to the regime have become more frequent of late.
PARMLY